

INFORMATION REPORT
CONFIDENTIAL

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SUBJECT Recent Developments in the Soviet
Oil Administration (SMV)

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Drilling Projects

1. SMV drilling at a new site in the Matzen oil fields has reached a coal bearing stratum not more than 70 millimeters thick. The type of peat coal found here is similar to that found in previous drilling projects in the Bernhardsthal.
2. G. Rumpel A.G. has erected three new derricks at Aderklaa where drilling has reached a depth of 1,900 meters. Because of the type of rock formations present in this area, drilling is progressing slowly and there are indications that it will have to be carried to a depth of 2,800 meters to reach oil bearing strata. Recently G. Rumpel A.G. purchased and paid the USIA-controlled M. Megerle Farbenfabrik for 6,400 kilograms of heavy spar delivered to Aderklaa.

Sale, Transfer, and Dismantling of SMV Property

3. At the end of the year, SMV Purchasing Office officials assessed the value of SMV property held in the Central Warehouse in Neusiedl at a total of 40,000,000 schillings and Lobau warehouse stocks at 2,000,000 schillings. According to sales receipts submitted to the SMV Purchasing Office, the SMV sold 15,600,000 schillings worth of materials and equipment from the Central Warehouse during December 1949.
4. During the latter part of December 1949, 500 tons of tank sheeting were transferred from the Lobau refinery and one carload of sheet metal was delivered by Schmidhuetten, Krems, to the SMV Central Warehouse in Neusiedl.
5. At the end of December 1949, SMV employees sold 100 tons of tank sheeting from the Lobau warehouse for their own personal gain. A total of 100 tons of scrap metals were sold from this same warehouse to Otto TRESSLER for 1.10 schillings per kilogram.*
6. The SMV has completed the sale of its property from the "Okeros" refinery at Stockerau. SMV prices were allegedly about 15 times less the original value of the equipment and materials sold.

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9. The SMV is now preparing to sell out the contents of the Wiener Neudorf warehouse by the spring of 1950. It seems likely from the absurd prices which SMV officials are charging for such items as stereotelescope lenses, that the Soviets have no accurate inventory records indicating the quantity or value of items now held in this warehouse.
10. A shortage of trucks has temporarily delayed completion of SMV dismantling operations at Moosbierbaum. Meanwhile, the SMV is dismantling installations at the Stockerau harbor. To date 50 truck loads of conduit pipe have been officially transferred from the Stockerau harbor to the Lobau warehouse, Central Warehouse in Neusiedl, and to Matzen; actually SMV employees have sold privately 20 of the 50 truck loads for 830,000 schillings.**

SMV Purchases

9. During the last three weeks of December 1949, the SMV Purchasing Office made cash payments for the following purchases:

<u>Firm</u>	<u>Items Purchased</u>	<u>Payment in Schillings</u>
Mannesmann-Trauzl A.G.	Pump rods	250,751.35
	Drilling equipment	150,000.00
	Motors	416,000.00
Donau Chemie A.G.	Sulfuric acid	51,300.00
K. J. Baldauf	Building materials	23,486.75
Kemseer Solvaywerke	Soda	6,000.00
"Chemia" Chemikalien G.m.b.H.	Caustic soda	45,000.00
St. Egyder Eisen- und Stahlindustrie G.m.b.H.	Rope ***	109,000.00
	Schlemmside (sic)	200,000.00
Brown-Boveri A.G.	Motors	39,600.00
Juschneschtrans	Transportation (Payment on account at year's end.)	600,000.00
Various Vienna firms	Purchases of work clothing, shoes and maintenance ex- penses	59,129.83

Items Delivered to the SMV

10. The following items were delivered to the SMV during the last three weeks of December 1949:
- 2 tank cars of hydrochloric acid from Budapest.****
 - 1 fire-fighting truck (Gerätewagen) from the USSR.
 - 6 Tatra-Plan automobiles and
 - 1 roll containing 2,500 meters of Karandage cable shipped from Czechoslovakia by Metrans.
 - 7 additional carloads of iron pipe including 2 carloads of 24 inch pipe for machine pumps (waterpumps), weighing a total of 135 to 140 tons from Germany. GEORGYEVSKY once again personally supervised the transfer of this shipment to the SMV railroad siding at Dobermannsdorf and to Matzen. ****

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6 carloads containing 11 machines and 20 cases of spare parts of unknown origin and type.

1 carload of soda from Ebenseer Solvaywerke.

2 carloads of caustic soda from "Chemia" Chemikalien G.m.b.H.

3 carloads of drilling equipment, 3 new engines for passenger vehicles and 4 MAN motors from Mannesmann-Traulz A.G.

6 carloads of cement, 1 carload of composition roofing, 1 carload of glass wool and 20 cases of window glass from K. J. Baldauf.

SMV Scrap and other Shipments

12. At the end of December 1949, DDSG, Soviet-controlled Danube transport firm dispatched to an unknown destination eight tugs each towing 600 tons of scrap and various other materials dismantled from SMV enterprises. Also during this period the SMV shipped to Czechoslovakia via Metrans two railroad carloads of gas cylinders.

Recent Inspection of SMV Enterprises.

13. From 19 until 31 December 1949, a special committee of inspectors from the Soviet Union toured throughout SMV enterprises surveying every phase of current SMV operations. SMV employees have not yet been informed of the recommendations made by this committee.

Personnel

13. V.G. KASYURA, director of ^{the} SMV Purchasing Office is scheduled to return 6 January 1950 to the Soviet Union, where he will assume direction of a factory in Siberia. KASYURA's replacement arrived in Vienna 31 December 1949. He is described as a reticent man, 50 years of age, small, heavy set, and about 1.60 meters tall, who allegedly speaks excellent German.
14. MITTELMANN, former SMV purchasing official, has written letters to some of his former colleagues in the SMV Purchasing Office that he is now vacationing for two months in Odessa before reporting to Moscow for his next assignment. Since no one has taken over MITTELMANN's duties, it is believed that SIPIAGIN's previous allegation that he would assume MITTELMANN's post may be true.

25X1 * Comment: TRESSLER is not listed in the Handels or Industrie Compasses or the Vienna Telephone Directory.

25X1 ** Comment: For previous reports of SMV officials selling SMV property for their own personal gain,

25X1 *** Comment: Probably steel hammer rather than rope.

25X1 ** Comment: So far the SMV has handled its own purchases from Hungarian firms; no purchases have been made through Intrac A.C.

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